

VZCZCXRO3116
RR RUEHCN RUEHGH RUEHLMC
DE RUEHUM #0150/01 0950338
ZNY CCCCC ZZH
R 040338Z APR 08
FM AMEMBASSY ULAANBAATAR
TO RUEHC/SECSTATE WASHDC 2029
INFO RUEHBJ/AMEMBASSY BEIJING 6071
RUEHMO/AMEMBASSY MOSCOW 2166
RUEHUL/AMEMBASSY SEOUL 3265
RUEHKO/AMEMBASSY TOKYO 2948
RUEHCN/AMCONSUL CHENGDU 0060
RUEHGZ/AMCONSUL GUANGZHOU 0293
RUEHHK/AMCONSUL HONG KONG 0874
RUEHGH/AMCONSUL SHANGHAI 0086
RUEHSH/AMCONSUL SHENYANG 0484
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RHEHNSC/NATIONAL SECURITY COUNCIL WASHINGTON DC
RHMFISS/DEPT OF ENERGY WASHINGTON DC
RUCNDT/USMISSION USUN NEW YORK 0580
RUEHLMC/MILLENNIUM CHALLENGE CORP WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 03 ULAANBAATAR 000150

SIPDIS

SIPDIS

STATE FOR EAP/CM AND INR/EAP

E.O. 12958: DECL: 04/02/2018
TAGS: [PREL](#) [PGOV](#) [EMIN](#) [ECON](#) [MG](#)
SUBJECT: MONGOLIA'S OPPOSITION PARTY LEADER EVALUATES
MINING, ELECTION PROSPECTS

REF: ULAANBAATAR 00136

Classified By: Ambassador Mark C. Minton for Reason 1.4 (d).

¶1. (C) SUMMARY: Democratic Party Chairman Ts. Elbegdorj, the head of Mongolia's biggest opposition force, told the Ambassador on April 1 that differences remain within his party over how best to develop Mongolia's mineral resources, despite a March 12 announcement by Elbegdorj and Prime Minister S. Bayar, head of the ruling Mongolian People's Revolutionary Party (MPRP), that they had reached a bipartisan consensus on the concept of a draft mining law. Elbegdorj indicated that the Democratic Party (DP) was trying to balance popular desire for state majority ownership of key mining deposits against the recognition that state ownership was undesirable, because the GOM lacks large-scale mining experience. Elbegdorj said now is the time to "get the job started" on mining, but declined to explain how the March 25 stalling of debate by DP Members of Parliament moved the issue forward. Elbegdorj said the Russians and Chinese are paying greater attention to Mongolia's mining industry, adding that it is difficult for Western mining firms to compete, "given the way the Russians and Chinese do business." Regarding June 29 Parliamentary elections, Elbegdorj said he believed that the DP has "a fair or good chance to win"; that it is difficult to predict the impact of the new multi-member-district system; and that of the 76 seats up for grabs in Parliament, the DP and MPRP will each likely immediately capture 26 seats (one for each electoral district), and fight over the remaining 24. He said the DP and the Civil Will Party were discussing cooperation on election strategy, but that the DP had "ruled out" a coalition. He said the DP will likely field six or seven women candidates. END SUMMARY.

DP VIEWS ON MINING

¶2. (C) Over lunch hosted by the Ambassador on April 1, the Chairman of Mongolia's dominant opposition Democratic Party and former Prime Minister, Ts. Elbegdorj, acknowledged that differences remain within his party over how best to develop mineral deposits, despite a March 12 announcement by

Elbegdorj and Prime Minister S. Bayar, who heads the ruling MPRP, that they had reached a bipartisan consensus on the concept of a draft mining law. Elbegdorj indicated that the DP was trying to balance popular desires for state majority ownership of key mining deposits against the recognition that state ownership was undesirable, because the GOM lacks experience in carrying out large-scale mining. The DP concluded, he said, that private Mongolian companies should hold shares in "strategic" mining projects, and that these holdings should constitute the Mongolian "state" share of 51% of such deposits. However, Elbegdorj noted that several DP Members of Parliament (MPs) had joined with MPRP MPs to draft amendments that favor state ownership of large-scale deposits. Looking at the big picture of mining in Mongolia, Elbegdorj said, "Now what is important is to get the job started"; that Parliament should pass a mining law that will allow for the large-scale exploitation of Mongolia's enormous and largely untapped reserves of coal, copper, gold and uranium. He added that both the DP and the MPRP "would like very much to get the mining issue resolved before the elections." However, he did not explain how the March 25 stalling of debate by DP MPs moved this issue forward, or how, for that matter, the Democrats would benefit at the polls if the ruling MPRP were able to claim credit, before the election, for the adoption of a popular mining law.

"THE WAY THE RUSSIANS AND CHINESE DO BUSINESS"

13. (C) Elbegdorj, who survived a serious car wreck in the second half of 2007, told the Ambassador that "the Russians and Chinese are paying much more attention to our mining

ULAANBAATA 00000150 002 OF 003

industry than before." Elbegdorj said he was aware that "given the way the Russians and Chinese do business, it is difficult for Western firms to compete." But he said the DP is cognizant of the need to bring in third-party investment. "We need to attract internationally recognized Western investors with high-tech standards... If all of the Western firms pull out, who will come to Mongolia? It'll be our two neighbors, who say they will invest well in Mongolia, but I have my doubts." The former Prime Minister also accused Russians of attempting to influence Mongolian policymaking, adding without elaboration that "campaign money" could be made available to pro-Russia candidates. "Western countries that support democracy in Mongolia should closely follow these issues," he added.

PROSPECTS FOR VICTORY IN JUNE

14. (C) Regarding the Democrats' prospects for victory in the June elections, Elbegdorj was typically low-key, stating merely that "We have a fair or good chance to win." But he said the DP had one fundamental fear: vote-rigging. In the 2004 elections, Elbegdorj said, "170,000 registered voters were not here. They were dead, or working in Korea, or traveling or living in other foreign countries." Elbegdorj also accused the MPRP of "controlling" local election authorities in Ulaanbaatar, adding that polling stations in UB, and in provincial capitals, would have to be closely monitored.

MULTI-MEMBER DISTRICTS

15. (C) Elbegdorj said that because the upcoming elections will feature multi-member districts, the elections will be more complicated than previous ones. "It is hard to know how this new system will affect the outcome of the election," Elbegdorj said, noting that while party faithful will likely vote the DP or MPRP straight-ticket, swing voters could be particularly important. He said that while swing voters cast 20 percent of the votes in 2004, the percentage could rise to 40 this time around, due in part to the growth in civil

society.

"NO" TO A COALITION, "YES" TO COOPERATION

¶16. (C) Elbegdorj said he expected that, of the 76 seats in Parliament, the DP and MPRP would immediately capture 26 seats apiece (one for each electoral district), and that the two major parties would duke it out over the remaining 24 seats. He added that he had offered to Ms. S. Oyun (of the Civil Will Party, currently part of the three-party ruling coalition and currently Foreign Minister) "three districts, but she said, 'We want five'." (Note: Post believes this to mean that the DP would limit the number of candidates it runs in those districts. End Note.) Elbegdorj said that although the DP "has ruled out a coalition," it agreed to consider the five-district request. Elbegdorj also said Oyun expected ministerial seats in return for accommodating DP election requests, a demand that Elbegdorj said he refused to discuss.

ON QUOTA FOR WOMEN CANDIDATES

¶17. (C) On Parliament's controversial December 26, 2007, scrapping of a quota on women candidates for political office, Elbegdorj said the DP is committed to having women in senior positions, but that "while Mongolian culture is dominated by (civil) rights, Parliament is dominated by men." He pointed out that if the overwhelmingly male MPs had upheld the 30-percent quota, many would have effectively voted themselves out of a job. Elbegdorj also said the reality is that it is sometimes difficult for women to raise the necessary campaign funding. He added that he expected

ULAANBAATA 00000150 003 OF 003

the DP to field six or seven women candidates. He also said that at the county and province level, the DP was seeing an increase in the number of women candidates.
MINTON